



San Diego City Attorney **MICHAEL J. AGUIRRE**

NEWS RELEASE

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U.S. GRAND JURY INDICTS THREE PENSION OFFICIALS STATEMENT BY CITY ATTORNEY MICHAEL AGUIRRE

Today's federal indictments represent a major step in stopping the corruption that has permeated the City of San Diego for over a decade. In taking this action, U.S. Attorney Carol Lam has served notice that the architects who destroyed the soundness of the City's employees' retirement system will be held accountable.

Indicted today were Retirement Board Counsel Lorraine Chapin, Retirement Administrator Lawrence Grissom, and three former trustees including firefighter union president Ron Saathoff. They were charged with multiple felonies, including conspiracy, wire and mail fraud and aiding and abetting. The indictment said the defendants conspired to illegally obtain enhanced retirement benefits for themselves in exchange for allowing the financially strapped city to under fund the employees' pension system.

A year ago, I was elected San Diego City Attorney to act as legal counsel for all the City's departments. This included the San Diego City Employees' Retirement System which had been assigned separate counsel under a 1998 memorandum of understanding. One of my first actions was to rescind this agreement and immediately reinstate the City Attorney's Office as the Chief Legal Advisor to the City Employees' Retirement System.

The Retirement Systems' current legal counsel, led by Lori Chapin, has thwarted this effort at a tremendous cost to both the city employee retirement members and San Diego taxpayers. Today that retirement system is almost \$2-billion in the hole and has left the City on the edge of the financial abyss. The growth of the pension debt has resulted in the City not being able to certify financial statements since June 2002.

Chapin and her co-defendants also filed a lawsuit preventing the City Attorney from performing his duties as the Chief Legal Advisor to the Retirement System. In addition, Chapin and her co-defendants also attempted to impede the federal criminal probe by refusing to release critical documents sought by federal authorities.

Today's indictments only underscore the immediate need for the City Attorney to be reinstated as the Chief Legal Advisor to the Pension System. I would like to thank Mayor Sanders for supporting this effort.

City Attorney Michael Aguirre

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